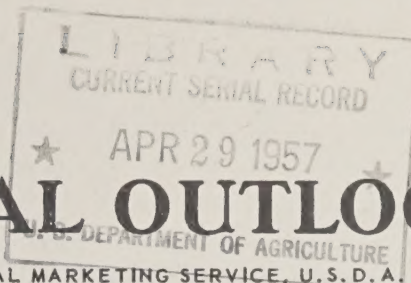


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the AGRICULTURAL OUTLOOK DIGEST

U.S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.



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Farmers' prices held at the 1955 level in 1956 after declining for four consecutive years.

The index of prices received by farmers averaged 236 last year, same as in 1955. From the low point of 222 reached in December, 1955, prices rose 11 percent to June, declined slowly the next four months and then strengthened as the year closed.

Farmers marketed about 2 to 3% more products in 1956 than in 1955. Cash receipts from farm marketings were up about the same percentage as marketings. With additional income received from soil bank and wool incentive programs, farm operators realized net income for the year rose for the first time since 1951.

Consumer purchasing power was increasing as 1956 ended. Income after taxes continued up in the closing months of 1956 when it was 5 to 6% above a year earlier. Industrial production and retail trade were at record levels. Employment was high with only 2½ million looking for jobs.

High business investment and increased government spending are two forces that will work to keep incomes high in 1957. Business spending appears likely to level off...possibly around the current record rate. The President's budget recommends federal expenditures of about \$3 billion more than the \$68.9 billion estimated for 1956-57. Outlays by State and local governments are likely to rise again.

LIVESTOCK. Hog prices by mid-January had gone up \$2.50 from their seasonal low of mid-November and a further rise is likely this winter. A downturn is likely in late winter or early spring when marketings from last fall's crop will reach a seasonal peak. But prices are likely to stay above a year earlier through most or all of 1957 since farmers' are planning a 2% reduction in this spring's pig crop.

The drought situation holds part of the answer to the cattle outlook this year. If dry weather continues, slaughter will expand and prevent improvement in prices. If drought is not severe, prices are likely to average as high or higher than in 1956.

A record 6.1 million head of cattle and calves were on feed January 1. This was 4% more than a year earlier. But farmer's plans indicate marketings this winter are likely to be below last winter's heavy movement. Prices are likely to stay higher than in winter and spring of 1956.

DAIRY. Milk production in early 1957 is at record rates. Total for year is likely to exceed by about 2 billion pounds the 1956 peak of 127 billion. Supplies of feed are large and milk prices are above average in relation to feed prices.

POULTRY AND EGGS. Higher production than a year ago, lower prices, continue in prospect for eggs the next few months. Number of layers on hand January 1 was up 1½% from year earlier and rate of lay per bird is running higher. Mid-December prices to farmers were a dime below last year.

Cut in number of chicks raised for laying flocks may be less than price reduction would indicate. Producers apparently pay less attention to price than formerly in planning ahead for production. Also, trend toward increased production per bird and tendency for producers to keep layers longer than formerly helps maintain production.

Broiler marketings in February and March are likely to be at a higher rate than in January when they were a tenth above a year earlier. But broiler prices may improve. Demand is likely to pick up from holiday period slump when broilers met stiff competition from turkey.

FEED. Seasonal gain in feed prices the next few months is likely to be less than last winter. However, prices to farmers in mid-December averaged 9% above a year earlier.

SOYBEANS. Large supplies are expected to limit the seasonal rise in soybean prices in late winter or spring. Mid-December price to farmers of \$2.27 was 16 cents above year earlier, 20 cents above support. Increase was stimulated by strong export and domestic demand and the large quantities being withheld from market by farmers. Last year's crop of 460 million bushels topped 1955 record by 75 million.

WHEAT. Exports have been moving out rapidly since July. Total for last half of 1956 is estimated at about 235 million bushels...for 1956-57, exports may exceed the 1956 total of 350 million by a fourth.

Cash wheat prices are above effective loan, above a year ago, and near the highest to date this season. Heavy exports, new export program and price supports are factors in the strong market.

The 36.8 million acres seeded to winter wheat is the least since 1913. About 10.7 million acres of winter wheat land have been signed up for Soil Bank.

FRUIT. More oranges, lemons and pears...less grapefruit, apples and grapes remained to be marketed after January 1 than a year earlier. Consumer demand is strong. Processor demand for citrus will be seasonally strong this winter.

VEGETABLES. Prices to growers for fresh vegetables are expected to continue well above a year earlier this winter. Total production is expected to be down 7 percent from last winter. Biggest declines were made by beets cabbage, carrots and lettuce.

Continued low prices are likely for potatoes the next few months. Storage supplies are still in surplus and the winter crop is expected to be up 44% from last year.

COTTON. About 2.1 million bales of cotton were exported in August-November 1956. Total for all of 1955-56 was only 2.2 million. Increased exports this year are expected to pull down carryover from 14.5 million bales last August 1 to about 12.3 million next August 1.

WOOL. Quotations for most descriptions at Boston in early January were highest in over two years. World demand has strengthened with the Near East situation a factor. Use of wool in the U. S. the first 11 months of 1956 was 8% above total for 1955.

TOBACCO. Burley growers received record prices for the 1956 crop. Prices for leaf and top grades were up sharply from last season while those for most lugs and flying grades were about the same.